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National Intelligence Bulletin

DIA review(s) completed.



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June 9, 1975

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No 662

State Dept. review completed

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Approved For Release 2007/03/09 : CIA-RDP79T00975A027800010014-8

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EUROPEAN SECURITY CONFERENCE

Recent Soviet concessions at the European security conference have improved the chances that it will conclude with a summit meeting, perhaps in July.

Many issues must still be resolved, some minor, some substantial. The next several weeks in Geneva may be hectic for the delegates from 35 nations in attendance.

Last week, the Soviets made a number of concessions that made it possible for the conferees to agree on many humanitarian issues that the West considers of major importance. This resolved one of the major problems that had kept the conference stalemated.

Moscow is aware that four weeks will be needed by the Finns to make the necessary arrangements for holding a summit in Helsinki. The Soviet shift on humanitarian issues was clearly designed to ensure that a decision on holding a summit can be made in the next few weeks.

The Soviets may now seek to complete work on one of the major issues still to be resolved—that concerning military-related “confidence building measures,” particularly on providing advance notification of military maneuvers.

The West has already made a major concession by agreeing that advance notice of maneuvers may be voluntary. The West will be seeking Soviet concessions on how much advance notice is to be provided and on the size and location of maneuvers that would be affected. A compromise is possible.

Another issue to be settled is the type of follow-on machinery the conference establishes. Little work has been done on this, and the Soviets are beginning to show a sense of urgency.

Eastern delegates have recently indicated that Moscow wants to follow up the conference with meetings in which all aspects of detente and the state of bilateral and multilateral relations are examined. At the same time, however, Moscow wants to minimize or remove completely the chance that it might be held to account on the implementation of the conference’s agreements. Moscow also wants to obtain a commitment for another, full-scale European security conference.

The West has formally supported a Danish proposal, recently modified slightly by the EC Nine, that calls for a meeting in 1977. Senior officials then would assess how the conference’s decisions have been implemented as well as the state of

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relations among the participating states. These officials would decide whether further meetings, including another conference, are necessary.

The West, however, is split on the issue. The French, in particular, advocate as little follow-on activity as possible, while the British, and now even the Danes, are prepared to accept relatively frequent meetings of experts and senior officials.

Given the split in the Western camp, and the very different views held by East and West concerning follow on, working out a compromise may prove difficult.

Should the Soviets offer compromises on follow-on and confidence building measures, however, it is likely that the Western delegations will be ready to accept the idea of holding a summit in July.

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PORTUGAL

The Azores are calm and under the control of Portuguese military authorities after demonstrations by farmers and separatists on Friday forced the resignation of the civil governor on the main island of Sao Miguel.

Lisbon has reacted with moderation. It has promised to study Azorean farmer complaints—which have to do mainly with agricultural prices and commercial arrangements with the mainland—and has promised to take action on these within three months.

At the same time, Lisbon has warned that it will deal firmly with any further pro-independence demonstrations. Military authorities on Sao Miguel have strengthened security measures, but have assured the public that no additional military force will be brought in from the mainland.

The media in Lisbon have not referred to the US in connection with the demonstrations on Friday.

The exploitation of the farmer demonstration on Friday by the Front for the Liberation of the Azores has forced Lisbon to respond to appeals that would have gone unheeded otherwise. Over time—and if Lisbon makes some concessions—this could bring greater public support to the Front. For now, however, the failure of separatists on the other eight islands to act in concert with those on Sao Miguel in spite of broadcast appeals to do so exposes the lack of unity in the Liberation Front.

The Portuguese will probably try to calm Azorean dissidence by making some real concessions on agricultural prices and perhaps a nod toward greater local autonomy. Lisbon clearly intends to retain firm control in the Azores, but has little time right now to devote to the question because of more pressing problems demanding immediate attention—the worsening situation in Angola, the Socialist threat to quit the government coalition, and the country's deteriorating economy. Issues related to freedom of the press occupied much of Lisbon's attention over the weekend.

The problems associated with the closure of the Socialist newspaper *Republica* remain unresolved. The ruling Revolutionary Council said on Friday that the paper could reopen, and the Socialist editors have announced they will resume publication. The council has imposed conditions, however, that will be difficult for the Socialists to accept. The council insists that the Communist printers who had originally seized the paper remain on the job. It also intends to revise the press law, which now

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contains a provision—ignored by the government—prohibiting worker seizures, of newspapers.

The Portuguese Catholic Church is now also moving to resist Communist pressures on the media. Its radio station has been partly taken over by pro-Communist workers [redacted]

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The church is a potent force in Portugal and if it takes this issue to the pulpit the result could be growing church-state frictions. [redacted]

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EC - ARAB LEAGUE

EC and Arab League experts will meet in Cairo on Tuesday to open the substantive part of the EC-Arab dialogue that France initiated in January 1974.

The EC Nine have proposed to begin with the immediate creation of five groups of experts that would study prospects for joint cooperation on agriculture and food; industrial infrastructure and peaceful uses of atomic energy; financial, commercial, and trade cooperation; social aspects and labor; and cultural, scientific, and technical cooperation.

Some of the Arab participants would prefer to start with a general debate in a plenary session, which would probably include a discussion of the Palestinian issue.

A principal factor in delaying the talks until now has been the disagreement over the role of the Palestine Liberation Organization in the talks. A compromise has been reached that calls for both EC and Arab delegations to consist of technical experts who will not be identified by nationality. [redacted]

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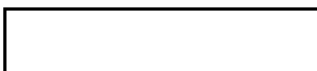
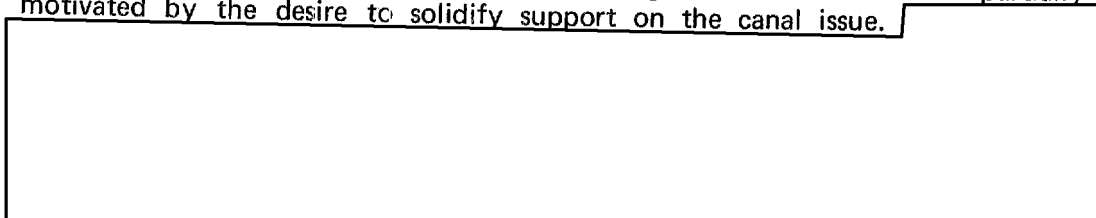


PANAMA

Private and public signals continue to be received from the highest levels of the Panamanian government—including General Torrijos—reflecting a strong desire to conclude a new treaty with the US this year. There is little doubt that the signals represent an effort to prompt renewed movement by the US toward treaty negotiations, in a lull since March. General Torrijos also appears convinced of a need to demonstrate tangible evidence—presumably by means of a signed treaty—of his often-repeated promise to the people to restore Panamanian sovereignty over the canal.

Consequently, at the moment Panama is providing the distinct impression that, because of its desire for a new treaty, it would be willing to accept a delay in US Senate ratification of any new treaty—even for a fairly extensive period—so long as a treaty visibly favorable to Panama could be secured. There is little doubt, however, that once a treaty was signed, pressures would again mount to speed up the US ratification process.

Panama is moving to solidify international support for its negotiating position. An official delegation headed by University Rector Escobar Bethancourt arrived in Cuba last week, reportedly to coordinate joint country efforts supporting Panama in the negotiations. Panama's recently expressed willingness to participate in the multinational Caribbean shipping line now being formed is also at least partially motivated by the desire to solidify support on the canal issue.



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SPAIN

Madrid's handling of the upsurge of violence in the Basque provinces reflects rightist demands for continued stringent controls. The tough measures may also arise from Prime Minister Arias' desire to show that his government is able to deal effectively with public disorder.

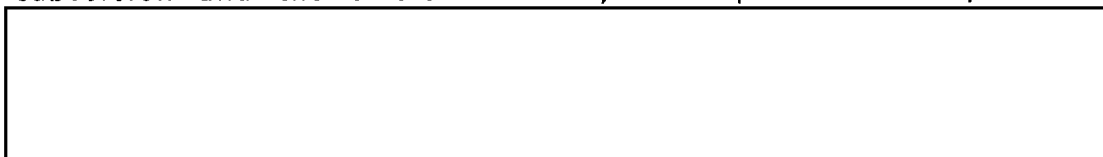
The two death sentences already meted out in the trial of seven alleged members of the terrorist organization, Basque Fatherland and Liberty, are intended to set an example. The police have been deployed in force in the Basque provinces, and there are rumors of a government-imposed curfew. On Saturday, police killed one suspected Basque guerrilla and wounded another in a gun battle near the French border.

Rightwing extremist groups are circulating leaflets calling on the government to provide them with arms. Despite public statements that it deplores violence from any source, the government's failure to crack down on the right seems to imply government approval of rightwing vigilante activities against Basque sympathizers.

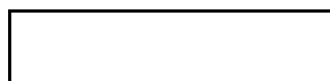
The situation is tense and ominous, according to the American consul in Bilbao. Opponents of the state of emergency imposed in the Basque area—which permits harsher measures by the police—have planned a general strike and demonstration for June 11 that may lead to a confrontation with security forces.

The commanding general in Catalonia—the other dissident region in Spain—has echoed the support expressed earlier by the Basque area commander that the army stands behind the police and is the ultimate guarantor of order.

The minister of justice, however, has tried to sound a moderate note. He said the government will establish a commission to investigate the reasons for Basque subversion and the existence of any "valid points" in the problem.



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